

CITY OF TROY, NEW YORK

SINGLE AUDIT REPORTS

Year Ended December 31, 2005

CITY OF TROY, NEW YORK

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Year Ended December 31, 2005

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CITY OF TROY, NEW YORK

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2005

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identification Number	Federal Expenditures
Departure of Housing and Urban Development/ Community Development Block Grants - Entitlement Grant	14.218	B-00MC-36-0109 and prior years	\$ 1,947,712
Emergency Shelter Grants Program	14.231	S-00MC-36-0007 and prior years	46,114
Shelter Plus Program	14.238	NY06C97-1201	55,674
HOME Investment Partnerships Program	14.239	B-00MC-36-0510 and prior years	<u>502,090</u>
			<u>2,551,590</u>
Department of Justice			
Bulletproof Vests, JTFF OT Reimbursement	16.607	N/A	10,744
Local Law Enforcement Block Grants Program	16.592	N/A	10,415
Public Safety Partnership and Community Policing Grants	16.710	2003-UM-WX-0283	158,053
New York State Department of Criminal Justice Services/ Juvenile Accountability Incentive Block Grants	16.523	JB-00520805	4,515
Combat Grant (Gang and Violent Crime Suppression)	16.579	NC-2804933	83,339
Edward Byrne Memorial Formula Grant	16.579	NC-03841730B	192,045
Rensselaer County/ Weed and Seed Program, Gang Violence, Safe Haven, and Drugs	16.595	N/A	<u>182,309</u>
			<u>641,420</u>
Department of Transportation/ New York State Department of Transportation/ Highway Planning and Construction - Various Projects	20.205	NYS-PIN-various	614,108
New York State Governor's Traffic Safety/ State and Community Highway Safety - Selective Traffic Enforcement	20.600	PT#4202123-various	25,900
Occupant Protection - Child Passenger Safety Program	20.602	CS-4202113	3,512
Safety Incentive Grants for Use of Seatbelts - Buckle Up New York	20.604	PT#420284 and 420285	<u>11,160</u>
			<u>654,680</u>
Environmental Protection Agency/ Brownfield Pilots Cooperative Agreements	66.811	BP982367-01-0	<u>62,225</u>
Department of Homeland Security/ New York State Emergency Management Office/ Assistance to Fire Fighters Grant	97.044	EMW-2003-FG-13240	77,267
April 05 Severe Storm and Flooding	97.044	N/A	10,709
Rensselaer County/ State and Local Homeland Security Exercise Support	97.006	N/A	32,768
New York State Office of Homeland Security/ State Urban Area Supplemental Program	97.067	DCIS#WM05835454	<u>6,428</u>
			<u>127,172</u>
U.S. Department of Energy/ New York State Energy Research and Development Authority/ Empire Zone and Energy Target Zone Education Intern Program	81.119	DE-CF41-03R144706	<u>5,000</u>
			<u>\$ 4,042,087</u>

See accompanying Report of Independent Certified Public Accountants on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133, Report of Independent Certified Public Accountants on Schedule of Expenditures of Federal Awards, and Notes to Schedule of Expenditures of Federal Awards.

CITY OF TROY, NEW YORK

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS Year Ended December 31, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. General

The accompanying Schedule of Expenditures of Federal Awards presents all federal awards programs of the City of Troy, New York (City) for the year ended December 31, 2005. The City is defined in Note A to the statutory basis financial statements. Federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included on the Schedule of Federal Expenditures of Federal Awards.

2. Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting used by the City in reporting these programs to the federal government.

3. Relationship to Statutory Basis Financial Statements

Federal awards revenues are reported in the City's statutory basis financial statements as federal aid. The City's fund financial statements are presented using the modified accrual basis of accounting.

NOTE B - NON-CASH ASSISTANCE

The City had no federal awards expended in the form of non-cash assistance during the year ended December 31, 2005.

NOTE C - LOANS AND LOAN GUARANTEES

\$62,000 of the amount reported as federal expenditures under the Department of Housing and Urban Development Community Development Block Grants - Entitlement Grant represents the balance of the loan guaranteed as of December 31, 2005.

NOTE D - INSURANCE

The City did not participate in any federal insurance programs during the year ended December 31, 2005.

NOTE E - SUBRECIPIENTS

Of the federal expenditures presented in the Schedule of Expenditures of Federal Awards, the City provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
Emergency Shelter Grants Program	14.231	\$ 46,114
Shelter Plus Program	14.238	55,674
HOME Investment Partnerships Program	14.239	502,090

CITY OF TROY, NEW YORK
SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended December 31, 2005

04-1. Request for Reimbursement

Finding: The Traffic Signal project, which is administered through the New York State Department of Transportation (NYSDOT), began in 2002 and continued through 2004. Certain claims for reimbursement of 2004 expenditures were not submitted by the City until April 18, 2005.

Corrective Action Plan: Management has taken steps to ensure more timely filing of claims.

04-2. Support for HOME Program Expenditures

Finding: Certain payments to subrecipients for HOME program rehabilitation purposes were not supported by sufficient documentation that identified the materials used in the rehabilitation and/or the amount of indirect costs charged to applicable projects. Certain contractual payments for the Community Housing Development Organization project were not supported by original signed vendor contracts.

Corrective Action Plan: Management has taken the steps necessary to obtain the required documentation.

04-3. Department Oversight and the Audit and Approval Process

Finding: Certain payments for HOME program purposes were approved by the Planning and Community Development Department and audited and approved by the City Auditor even though they lacked sufficient documentation to support the payments.

Corrective Action Plan: Management has taken the steps necessary to obtain the required documentation.

**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Mayor and Members of the City Council
City of Troy, New York

We have audited the statutory basis financial statements of the City of Troy, New York as of and for the year ended December 31, 2005, and have issued our report thereon dated July 28, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City of Troy, New York's statutory basis financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Troy, New York's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Mayor, Members of the City Council, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Bollam Sheedy Torani & Co LLP

Albany, New York
July 28, 2006

**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
AND REPORT OF INDEPENDENT CERTIFIED PUBLIC
ACCOUNTANTS ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Mayor and Members of the City Council
City of Troy, New York

Compliance

We have audited the compliance of the City of Troy, New York with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2005. The City of Troy, New York's major federal programs are identified in the summary of independent auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Troy, New York's management. Our responsibility is to express an opinion on the City of Troy, New York's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standard*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Troy, New York's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City of Troy, New York's compliance with those requirements.

In our opinion, the City of Troy, New York complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2005.

Internal Control Over Compliance

The management of the City of Troy, New York is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Troy, New York's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the statutory basis financial statements of the City of Troy, New York as of and for the year ended December 31, 2005, and have issued our report thereon dated July 28, 2006. Our audit was performed for the purpose of forming an opinion on the statutory basis financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the statutory basis financial statements. Such information has been subjected to the auditing procedures applied in the audit of the statutory basis financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the statutory basis financial statements taken as a whole.

This report is intended solely for the information and use of the Mayor, Members of the City Council, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Bollam Sheedy Torani & Co LLP

Albany, New York
July 28, 2006

CITY OF TROY, NEW YORK

SCHEDULE OF FINDINGS AND QUESTIONED COSTS Year Ended December 31, 2005

Section I - Summary of Independent Auditor's Results

Financial Statements

Type of auditor's report issued: Qualified

Internal control over financial reporting:

- Material weaknesses identified? _____ Yes X No
- Reportable conditions identified that are not considered to be material weaknesses? _____ Yes X None Reported
- Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

- Material weaknesses identified? _____ Yes X No
- Reportable conditions identified that are not considered to be material weaknesses? _____ Yes X None Reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?

_____ Yes X No

Identification of major programs:

CFDA Numbers

Name of Federal Program or Cluster

14.218
20.205
14.239

Community Development Block Grants - Entitlement Grant
Highway Planning and Construction
HOME Investment Partnerships Program

Dollar threshold used to distinguish between type A and type B programs:

\$300,000

Auditee qualified as low-risk auditee?

_____ Yes X No

Section II - Financial Statement Findings and Section III - Federal Awards Findings and Questioned Costs

None.